

111TH CONGRESS
1ST SESSION

H. R. 2851

To amend the Internal Revenue Code of 1986 to exclude certain gains
on single-family residential rental property from gross income.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2009

Mr. BRADY of Texas (for himself, Mr. SESSIONS, and Mr. AUSTRIA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude
certain gains on single-family residential rental property
from gross income.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Neighborhood Invest-
5 ment Act of 2009”.

1 **SEC. 2. CERTAIN GAINS ON SINGLE-FAMILY RESIDENTIAL**
 2 **RENTAL PROPERTY EXCLUDED FROM GROSS**
 3 **INCOME.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
 5 ter 1 of the Internal Revenue Code of 1986 is amended
 6 by inserting after section 139C the following new section:

7 **“SEC. 139D. CERTAIN GAINS ON SINGLE-FAMILY RESIDEN-**
 8 **TIAL RENTAL PROPERTY.**

9 “(a) IN GENERAL.—Gross income shall not include
 10 any gain from the sale or exchange of a qualified single-
 11 family residential rental property.

12 “(b) LIMITATION.—The amount of gain excluded
 13 from gross income under subsection (a) with respect to
 14 any sale or exchange shall not exceed \$250,000.

15 “(c) QUALIFIED SINGLE-FAMILY RESIDENTIAL
 16 RENTAL PROPERTY.—For purposes of this section—

17 “(1) IN GENERAL.—The term ‘qualified prop-
 18 erty’ means any real property located in the United
 19 States which—

20 “(A) was acquired by the taxpayer by pur-
 21 chase (as defined in section 179(d)(2)) during
 22 the period beginning on the date of the enact-
 23 ment of this section and ending on June 30,
 24 2010,

25 “(B) was held by the taxpayer for 2 years
 26 or more, and

1 “(C) was rented as a single dwelling unit
 2 on a regular basis during 2 of the taxable years
 3 in the 5 taxable year period ending with the
 4 taxable year in which the property was sold or
 5 exchanged.

6 “(2) REGULAR BASIS.—For purposes of para-
 7 graph (1)(C), property shall not be treated as rented
 8 on a regular basis during any taxable year unless—

9 “(A) such property is rented on the basis
 10 of months or longer periods, and

11 “(B) such property is rented for not less
 12 than 6 months of such year.

13 “(d) EXCEPTION FOR NONRESIDENT ALIEN INDIVID-
 14 UALS.—No credit shall be allowed under subsection (a) to
 15 any taxpayer if such taxpayer is a nonresident alien indi-
 16 vidual.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
 18 for part III of subchapter B of chapter 1 of such Code
 19 is amended by inserting after the item relating to section
 20 139C the following new item:

“Sec. 139D. Certain gains on single-family residential rental property.”.

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to property acquired after the date
 23 of the enactment of this Act.

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